



Missouri Department of Natural Resources

MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION DNR CONFERENCE CENTER JEFFERSON CITY, MISSOURI SEPTEMBER 13, 2006

COMMISSION MEMBERS PRESENT: John Aylward, Kathryn Braden, Richard Fordyce, Baughn Merideth

EX-OFFICIO MEMBERS: DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; JOHN HOSKINS, DEPT. OF CONSERVATION: Brad McCord; FRED FERRELL, DEPT. OF AGRICULTURE: Dan Engemann; DOYLE CHILDERS, DEPT OF NATURAL RESOURCES: Mike Wells

ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM: Sarah Fast; NRCS: Dwaine Gelnar; MASWCD: Steve Oetting

STAFF MEMBERS PRESENT: Davin Althoff, Milt Barr, Kurt Boeckmann, Jim Boschert, April Brandt, Allan Clarke, Chris Evans, Noland Farmer, Tricia Jackson, Joyce Luebbering, Dean Martin, Colleen Meredith, Theresa Mueller, Marcy Oerly, James Plassmeyer, Josh Poynor, Jeremy Redden, Ron Redden, Kevin Scherr, Cody Tebbenkamp, Alex Tuttle, Chris Wieberg, Bill Wilson

OTHERS PRESENT: DISTRICTS: **Adair:** Denise Matthews; **Audrain:** Doug DeYoung, Jackie Rogers, Chris Terry, Gary Windmann; **Bates:** Joyce Rider-Diehl, Brad Powell; **Barton:** Ben Reed; **Benton:** Jim Freeburger, Willard Gerken, Jamie Henderson; **Bollinger:** Megan Baker, Annette Wiseman; **Clay:** Cindy Walter, Eldon Walter; **Cole:** David Kiesling, Peggy Lemons; **Cooper:** Linda Young; **Crawford:** Fannie Lea; **Gasconade:** Diana Mayfield; **Howard:** Jessica Gregory, Eric Monnig; Virginia Taylor; **Jackson:** Donald Hicks; **Jefferson:** George Engelbach; **Laclede:** Jimmie Haines, Mary Jo Tannehill; **Lawrence:** Paula Champion; **Livingston:** Steve Radcliff; **Marion:** Kenny Lovelace, Mary McCune; **Moniteau:** Harold Haldiman; **Monroe:** Lena Sharp; **Montgomery:** Gayle Adams, Tom Kremer, Bob Ridgley, Ann Whitehead; **Morgan:** John Draffen; **Oregon:** Sarah Wiggs; **Pemiscot:** Carol Barnes; **Phelps:** Paula Wade; **Randolph:** Shelly Sumpter; **Saline:** Wayne Jansen, Cliff Lackland, Mike Reynolds; **Schuyler:** Connie Kethe; **St. Charles:** Frankie Coleman, Charles Perkins; **Vernon:** Fred

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 2

Feldmann; **Warren:** Chris Merritt, Polly Sachs; **Wright:** Connie Krider, Ted Probert, Bill Pyatt, Missy Wollard; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Tim Duggan; **OTHERS: FARM BUREAU:** Kelly Smith; **INDIVIDUALS:** Eldon Walter

A. CALL TO ORDER

Vice chairman John Aylward called the meeting to order at the DNR Conference Center, in Jefferson City, Missouri, in the Bennett Springs and Roaring River Meeting Rooms at 8:09 AM.

B. MINUTES OF THE LAST MEETING

Richard Fordyce made a motion to approve the minutes of the August 10, 2006, commission meeting as mailed. Kathryn Braden seconded the motion. When asked by the vice chair, Kathryn Braden, Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously

C. PLANNING

1. Update on Research Project "Issues Affecting SWCD Staff and District Organization" – Dr. Sandy Rikoon

Dr. Rikoon presented an update on the commission funded research project "Issues Affecting SWCD Staff and District Organization". He was asked to provide preliminary information from the surveys to the commission to assist them making a decision on the fiscal year (FY) 2008 budget expansion for district grants.

Dr. Rikoon stated that in 1998 a study was done regarding the distribution of the district grant. Items looked at were salaries and fringe benefits for district employees. This information was compared to 2006 data received from the districts. A survey was sent to districts in the summer of 2006. He stated that 112 districts responded out of the 114 total districts. He received 302 surveys from district employees; this is approximately 96 percent of the district employees. For the 1998 information, approximately 93 percent of the district employees responded. He reminded the commission that the information received was entered and beginning to be analyzed.

Next Dr. Rikoon covered some of the information received from the surveys that were sent to the districts. He reviewed salaries by area and position, comparisons of 1998 and 2006 by position, salaries by metro/rural locations, and compared

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 3

data from Missouri with other Soil and Water Conservation Districts (SWCD) in other states and other state and federal agencies. The 2006 average salary for a clerk was \$23,986, for a manager the average was \$27,215, and for a technician the average was \$25,276. Dr. Rikoon used 35-40 hour per week as full time. The percent of change in district employee's salaries from 1998 to 2006 averaged 30 – 35 percent. During this same time, the inflation rate in the state was 23 percent. The average in 1998 for a clerk was \$17,844, for a manager \$20,088, and for a technician was \$19,446. Dr. Rikoon compared the districts in the following three categories: metropolitan districts, micropolitan districts, and rural districts. Micropolitan is defined as those counties that have a city with a population of 10,000 to 50,000 or a county that borders one of these counties. The 2006 average for a full-time metropolitan district employee was \$26,588, part-time was \$13,489, the average for a full-time micropolitan district employee was \$25,826, part-time was \$14,681, and the average for a full-time rural district employee was \$25,118, part-time was \$13,994. The average salary by location for 1998 in a metropolitan district was \$19,651, micropolitan was \$19,329, and for rural was \$19,051. The 2006 average for a metropolitan district was \$26,588, micropolitan was \$25,826, and for a rural district was \$25,118. The change in the average salary for a clerk in a metropolitan district was \$7,601 from 1998-2006 for a 43 percent increase, for micropolitan was \$6,290 or 36 percent, and for rural it was \$5,336 or 30 percent increase respectively. The change in the average salary for a manager in a metropolitan district was \$6,887 or 33 percent, for micropolitan was \$5,795 or 28 percent, and for rural the change was \$7,900 or 41 percent. The change in the average salary for a technician in the metropolitan district was \$6,755 or 35 percent, for micropolitan was \$6,619 or 34 percent, and for rural was \$4,754 or 24 percent.

Next Dr. Rikoon covered the comparison of Missouri salaries with other soil and water conservation district staff from other states. The average clerk's salary in Missouri is \$23,986, Michigan is \$20,800, and Wisconsin is \$29,512. The average manager's salary in Missouri is \$27,215, Michigan is \$30,472, and Wisconsin is \$51,881. The average technician's salary in Missouri is \$25,276, Michigan is \$35,942, and Wisconsin is \$39,806.

Lastly, Dr. Rikoon covered the comparison of SWCD salaries with a few state agencies and Natural Resources Conservation Service (NRCS). The average for a clerk working for Missouri Department of Transportation (MoDOT) is \$22,633, Missouri Department of Conservation is \$21,502, Department of Natural Resources (DNR) is \$19,536, and NRCS did not have an average only a range of \$20,060 - \$29,278. The average for a manager working for MoDOT is \$32,064, Missouri Department of Conservation (MDC) is \$25,558, DNR/DAS is \$24,280,

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 4

and NRCS's range was \$25,195 - \$40,569. The average for a technician working for MoDOT is \$20,840, MDC is \$30,318, DNR did not have an average, but a range of \$25,248 - \$43,344, and NRCS's range is \$20,060 - \$40,569.

When asked if Dr. Rikoon had any idea of how many were on the higher and lower ranges for a manager, he answered they could break the range in to five categories and show the percentages easily. The statement was made that the salaries had risen more than inflation, cost of living, but it might have started out too low. Brad McCord asked if there was any information on the rate of increase for district positions vs. state positions. Dr. Rikoon answered that was not included in the survey to the other state agencies, or other states. He stated that they have the data from 1998 so as long as they are asking about the same positions they should be able to come up with that information. Mr. McCord asked how much state employee salaries in our state had increased. Dr. Rikoon answered they could approach the agencies again. He felt that as a result of the information received in 1998, the districts were further behind and their increases have been higher than in agencies, but perhaps the district salaries have not caught up but narrowed the gap. George Engelbach stated that in his county they have to compete in their local communities with other employers, not with state agencies. He indicated that benefits were a big issue for districts. Some people will take a job making less money just to have benefits. Ben Reed pointed out that even though salaries had increased, did they ask how they increased. He stated that it was not that more money was given to the district; it was that the districts applied for grants, rented equipment, sold seed... etc to increase the salaries. Dr. Rikoon responded that the survey did not ask how they were raised, but it did ask about what benefits are provided. Steve Oetting asked how difficult would it be to see the percentage of state money going into the salaries and how much locally generated money goes for the salaries. When asked if this could be done, Mr. Boschert stated they could get this information from the end of the year-end financial report. Dr. Rikoon stated they could provide the information on what percentage of clerks are making in certain ranges, but the results from the survey could not tell why this was done.

2. FY08 District Assistance Grants Budget Expansion

Jim Boschert presented the FY08 district assistance grant expansion and some background information on the allocation formula.

Mr. Boschert reported that of the \$40,902,392 FY07 budget for the Soil and Water Conservation Program, 4.3 percent, \$1,751,275 was for the district employee benefit grant and 16.27 percent, or \$6,650,000 was for district grants.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 5

This is a total of \$8,401,275 or 20.57 percent of the total budget. These funds were used to help the districts with their personnel and operating expenses. Mr. Boschert provided information on the allocation formula for the district assistance grants. In FY03, an expansion of \$500,000 was approved. Part of this expansion was used to bring all the districts up to the \$44,000 base allocation.

The district employee benefit grant was started in 2001 to provide health insurance and retirement benefit for district employees that work 1,000 hours in a fiscal year. He stated that in FY07, \$1,751,275 was available for health insurance and retirement. This is 21 percent of the total available through district grants. The matching grant program provides \$5,000 per district across the state. All districts have access to both grants. \$804,000 is distributed to the districts by using a formula. Components used in the formula include highly erodible acres, CRP acres, workload analysis and number of cost-share claims. \$310,000 is available through two grants. \$250,000 is provided through the competitive information/education grant and \$60,000 is divided among the five most urban districts.

Next Mr. Boschert covered the expansion in the district grants since FY96. In FY96, FY99, and FY03, the district assistance grant received an increase of \$500,000. He also discussed how each expansion was divided among the districts. In FY01, FY02, FY06, and FY07 the benefit grant received increases. In FY04, the information/education grant was started with a core redirect from the loan interest share program. Since FY96, the district assistance grants have increased by \$3,500,000.

Next, the commission was provided information on the distribution of the district assistance allocation. The commission allocates each district an amount of district assistance funds that the local district boards can then divide or budget into three grants, the management services grant, technical services grants, and administrative expenses grants. These funds do not have to be matched. Of the 114 districts, 51 receive \$44,000, 34 receive between \$44,001 and \$55,000, 13 receive between \$55,001 and \$65,000, and 16 receive more than \$65,001 of these funds. The commission policy in the past has been that district assistance allocation would not be reduced from one year to the next. The grants available are management services grants, technical services grants, administrative expenses grants, matching grants, benefit grants (health), benefit grants (retirement), and information/education grants. The management services grant is used for salary expense for the district clerk and managers, as well as for travel and training expenses for those positions. The technical services grant is used for salary for the district technician position, as well as travel and training for that

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 6

position. The administrative expenses grant is used for expenses pertaining to the daily operation of the district and expenses related to the board of supervisors. In addition to these grants, the district boards are offered a \$5,000 matching grant, which is a 1:1 match and can be used for district operating expenses, information/education activities, personnel expenses, office equipment, field equipment, and machinery. The benefit grant for health insurance is for covering health insurance expenses for district employees that work over 1,000 hours, and the retirement portion is used to pay 5 percent retirement for district employees that work over 1,000 hours in a fiscal year. The information/education grant is a competitive grant process where districts submit proposals for innovative information/education projects.

Next Mr. Boschert presented examples for commission discussion on like positions with the DNR, MDC, and MoDOT.

Mr. Boschert proceeded to cover the options presented to the commission. The first option was recommend the amount of \$329,911. This is ½ of the amount that is needed to bring the district employee salaries to market rate and ask for the other ½ in FY09. The next option was recommend the amount of \$271,567. This is ½ of the amount needed to bring the base level to \$52,000 and at the same time it would give the districts above \$52,000, \$500 instead of \$1,000 and ask for the other ½ in FY09. Next option was keep the amount of \$220,000, which is the placeholder amount that was discussed with the commission last month. This amount was based on a 4 percent increase in district salaries that were paid through the district assistance grants. The last option was other options that the commission wished to consider.

Mr. Boschert stated that with any of the options, the commission could ask for an expansion in FY08. All of the options presented could be done without a redirect.

The commission was reminded that the DNR budget had to be submitted to the Office of Administration by October 1.

When asked if there was a breakdown on the expenses of the districts, Mr. Boschert answered he did not have that information. When asked if the salaries that were in the examples included what the districts generate in local funds, Mr. Boschert answered the number he presented were total salaries from all different funding sources. Brad McCord commented that when comparing a MDC administrative staff assistant they would have less responsibility than an area manager would. Shelly Sumpter pointed out that in their research they found that many clerks did everything a manager does, but the board has decided to call

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 7

them a clerk. She stated another thing to remember was when talking about what the salaries needed for an employee, there needs to be discussion about the number of employees in a district. Jessica Gregory commented that if you apply for a grant you are also increasing your workload and you are not getting paid for the work you do, because you not only have regular cost-share but other work and not money or employees to do it. Carol Barnes stated that the \$44,000 she receives for the district grants cover 44 percent of their total budget

Steve Oetting thanked the commission for time at the last meeting when the budget process was covered. Because of the information received, Mr. Oetting stated he now knows that the commission is not responsible for the budget, but that the DNR is responsible for the budget. He reminded the commission that the last budget expansion was four years ago and was needed and their needs have increase significantly. He stated his concern was keeping qualified people in the office. Mr. Oetting presented a fact sheet of research they had done. He stated that 30 percent of district employees have been hired in the last five years. Over half of the 295 district employees have been employed less than ten years. He stated Soil and Water Program Office staff is funded through the soil sales tax. He informed the commission that the average district employee salary was \$28,556, which included limited health benefits and five percent for retirement. Without these benefits, the salary would be \$22,000, and district employees are not eligible for state benefits. He stated the average DNR soil and water employee with state benefits salary was \$51,907.50 and he pointed out that they were not inferring that the salaries were too high; they were just using them for comparison. Benefits that district employees do not receive are 12.78 percent retirement, life insurance, long-term disability, deferred compensation, and the 75 percent cost of dependent health insurance premiums.

Next Mr. Oetting informed the commission that they felt they needed \$5,000,000 to bring the salary structure back up to a level where districts could keep quality employees. The formula used to reach this amount was based on technicians, clerks, manager, and information/education job descriptions. He also pointed out that Missouri was the only state in the North Central Region that received no general revenue for the soil and water program. He informed the commission that he had received letters from some districts. One comment was that they had with limited funding and personnel; they put 132 conservation practices on the ground and saved 33,100 tons of soil in FY06. The closing statement of that letter indicated state and national dues had increase significantly, as well as liability insurance, cost of office supplies, and supervisor expenses. He stated this was typical of the comments received. He pointed out that with 10 years of funding available, what the association was asking the commission for was support for

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 8

their request of the budget expansion. What the association would like to see is a structure where salaries are based on positions and years of service. They would also like exclude what the districts add into it. The association also feels with an additional 10 years of funding it is time to review the total soil and water conservation program budget. Mr. Oetting urged the commission to support the association's request.

John Aylward pointed out that the association was asking for \$5,000,000 compared to the \$300,000 additional funds that was being requested through the district assistance grant expansion. He stated there needed to be a starting point and he asked Mr. Oetting what the association's starting point was. Mr. Oetting stated that the association supports the salary committee request of \$4,800,000 to \$5,200,000 and they realize that it is a large amount, but that was their request and we need to review all areas in the budget. Richard Fordyce asked where Mr. Oetting proposed that amount come from. Mr. Oetting answered the commission was going to have to look at administration. He stated the question they could ask back to the commission was, as supervisors within the districts how do they compensate their employees. One option could be reducing cost-share or SALTs because they have a problem keeping salaries adequate.

Mrs. Braden inquired of Mr. Oetting regarding the association's opinions regarding local costs issues and where to find funding for salaries. Mr. Oetting answered that this had been an issue and that it needed to be addressed.

Mr. Aylward stated they agreed there was a problem, and that it needed to be addressed, but not in a \$5,000,000 increase. Mr. Oetting stated they were looking at district assistance like the cost-share program; they need a set amount so they can work with it. The actual amount could vary if they went back to a structure, where the salary is based on the position and the years of service, and if not the full amount in one year that is fine, but they need a formula where they can compensate employees statewide. They would develop a base salary for the positions and try to keep the position in line with other state employees as far as salaries. When asked if he saw this impacting the authority of the board, Mr. Oetting answered they had discussed this and they need a plan to pay the base salary, and if the base salary that they receive assistance for from the soils and parks is less than what they are already given, that would be the district's responsibility to make that up. It is going to take some training of supervisors. Ms. Fast stated her concern was that right now salaries are totally up to the local board; they determine the salary. She asked if they would be looking at suggested levels or designated amounts, Mr. Oetting answered they would like to have a statewide designated level.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 9

Peggy Lemons stated the salary committee provided the information that Mr. Oetting had. She stated the committee did not think that a district should have to write grants to pay their salaries. They appreciated what they have received, but they think the districts have been overlooked and not funded correctly from the start. She stated that they had received 102 responses from the surveys that were sent out. Ms. Lemons proceeded to cover the survey that was sent to the districts. The survey contained three questions, the first was about AgNPS SALT projects, the second was about utilizing DNR Soil Scientists, and the third was about how the matching grants were used in a district. She stated they felt the answers to the survey results were notable. Ms. Lemon indicated that the biggest issue was when you looked at Dr. Rikoon's information the districts were not that far behind, but those figures included what the district adds to the salaries. When asked if the committee had looked at cost saving measures, Ms. Lemons answered they did talk a little about that, but who would do the job when you were out working on the contracts etc. She stated she did not think the responsibilities and the duties of the job descriptions used for the comparison were the same as what a district employee did. Steve Radcliff commented he believed the districts had a partnership with DNR to train the technicians, and what about amount of funds wasted on the technicians that are only there a short time. Shelly Sumpter stated she had worked with Peggy Lemons on the salary committees. She informed the commission they had put together an outline for the boards, regarding the responsibilities of an employee, years of service, and where the salaries need to be based. Mr. Aylward asked without a redirect how much funding was available. Ms. Fast answered the amount that Mr. Boschert had, was what they had determined to be closer to a salary market rate, not benefits. She informed the commission they had up to \$500,000 at the most in this year without a redirect. Ms. Fast pointed out that over the last 10 years the increased amount was approximately \$3,500,000. Ms. Fast stated the \$500,000 would be available for three years without any redirects. Richard Fordyce reiterated that the total budget for the program was \$40,000,000 and with a requested increase of \$5,000,000, they would be paying employees more money to do less if the money is taken out of cost-share or any other program. He felt that long term they needed to look at other revenue sources. He did not dispute the need to make up some salaries, but he did not think it would look good if \$5,000,000 was taken out of a program to pay salaries. Mr. Oetting stated the amount requested was what they needed. Ms. Lemons presented some scenarios to the commission. One was general revenue funding the program office staff, another was the SALT Program where 30 percent can be used for personnel which is approximately \$2,000,000 of this could already be part of the \$5,000,000. Another was using a percentage of cost-share for the districts to use for technical positions. Mr. Aylward stated that these

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 10

things need to be looked at in the future, but not at the present. He stated what they were talking about; the commission could not do anything about it now, because the commission did not have the answers. Mr. Aylward stated that he would rather spend \$500,000 than \$200,000. Ms. Fast stated that \$500,000 was the total amount available; and there would not be any other money available for future expansions for other programs, based on current projections. Mr. Aylward stated they would have to address that later. When asked how the funds would be distributed, Ms. Braden answered with option number two, and bring all the base levels up to \$52,000 and give all those who were all ready receiving \$52,000, give them an extra \$1,000.

Kathryn Braden made a motion to recommend \$543,134 for the next fiscal year. This amount would bring the base level to \$52,000. Baughn Merideth seconded the motion.

Ms. Braden stated the commission should look at this between now and July. Ms. Fast asked if the commission was looking at doing the two years in one year. Ms. Braden and Mr. Aylward answered yes. Ms. Braden stated as directed by option number two.

When asked by the vice chair Kathryn Braden, Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously.

3. Farmland Protection – Eldon Walter – Jackson Soil and Water Conservation District (SWCD) Request

Eldon Walter presented information on the Federal Farm and Ranch Protection Program (FRPP).

Mr. Walter stated this program was original presented to a group in Johnson County, about how to control your own destiny as it relates to landownership. He informed to the commission that Missouri lost 100,000 acres of farmland every year to development from 1982 – 1992. He stated that Missouri lost nearly 720,000 of prime farmland, and 14,365 farms disappeared during that period. He stated the loss of farmland in Missouri is part of national problem. The 2002 Farmland program provided an expansion for FRPP. The federal government appropriated \$100,000,000 to help preserve farmland. Mr. Walter presented an example of land with a development plan in place to maximize the land value to the farmer. Available options for landowners are sell to developer, subdivide, or sell farmland easement allowing the land to remain farmland forever. Steps and

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 11

recommendations for FRPP are first to determine if the farm would qualify for FRPP, identifying someone who would hold the easement. He stated qualified land is highly production farmland that will always be used for farming. The easement could be held by preservation trust. The FFRP states that the federal government will pay half of the value of a farmland easement to keep the property in farmland for eternity if a qualified trust or entity will provide the other half. He pointed out that the landowner is eligible to pay half of the half that the local entity funds. Qualified land has to be prime, unique, statewide, or locally important soils. It can be cropland, rangeland, grassland, pastureland, or forestland. The land has to be under development pressure and it has to be currently in a producing farm situation.

When asked if all the federal funds were a 25 percent match, Mr. Walter answered that the federal government provides 50 percent of the easement value, but the landowner can only provide 25 percent. When asked who would own the land with an easement, Mr. Walter answered the landowner would still be the fee title owner of the property, it is protected for farming forever, the landowner can sell the land, mortgage it, or etc. When asked if it was still assessed at agricultural land, Mr. Walter answered yes. When asked how many acres were enrolled in the program in Missouri, Mr. Walter answered that to his knowledge 100 acres near Springfield, Missouri. The Civil War Battlefield Foundation funded it, and it went through on a historic site.

D. APPEALS

1. Special Area Land Treatment (SALT)

a. Cape Girardeau Soil and Water Conservation District (SWCD) – Appeal Commission Decision Concerning Personnel Budget for Fiscal Year (FY) 2007

April Brandt presented an appeal from the Cape Girardeau SWCD concerning the commission decision on the Hubble Creek FY07 budget request to increase personnel funding that the commission denied in August.

Ms. Brandt covered the minutes from the August commission meeting. At that time, the commission heard an update on the progress made over the last six months of the project prior to the budget request. Some of the accomplishments were 8.5 acres of field borders, one stream bank stabilization practice, two DWP-1 structures, 51.8 acres of the Hubble Creek Special Practice (drainage management), 485.5 acres of Nutrient

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 12

Management, 617 acres of Pest Management, and five acres of Filter Strips.

After the district provided the above information, they requested to increase their personnel budget for FY07. The district requested to increase their personnel budget by \$18,237 for a total of \$32,000. The district would reduce their cost-share by \$18,237 for FY07.

In the district's original letter, they requested to transfer funds from their cost-share to personnel. They also stated that the 319 EPA Grant that they had had ended. The district also indicated they had been frugal with the personnel funding. After discussion, the request to increase their personnel funding did not pass. This left the district's FY07 personnel at \$13,763.

In a letter dated September 6, 2006, the district asked the commission to reconsider their request. They stated the funds were needed to pay the SALT Manager from November 2006 to July 2007, and that there were no other funds available to pay him and that his help and guidance was needed to complete the project. The letter also stated that the Hubble Creek SALT Manager had been paid from the 319 grant for four years until it ran out. Because of this, only \$60,101.69 had been used for salary, which was below the allowed amount for SALT projects for administration. With the requested increase of \$18,000.00, the total would be \$92,000.00 or 12 percent. Ms. Brandt pointed out that because of the 319 funds; the district's salary was one of the lowest for current SALT projects. The letter also stated the original 2001 budget allocated \$34,000.00 for FY06/FY07 for administration. The district felt they had used the salary funds very sensibly, wisely, and that the request was justified to complete the project.

Ms. Brandt discussed a slide representing the numbers on the FY2001 budget the district had referenced. She explained that \$34,000 was the amount budgeted for FY06 and FY07, which is equal to \$17,000 a year. She also summarized the budget and expenditures thus far for the project. She stated the district's budget currently has \$13,763 for personnel in FY07. This amount was reduced from \$17,000 due to the management strategy process.

When asked if the personnel funds were reduced with the goals through the Management Strategy Process at what amount would they be at, Ms.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 13

Brandt answered that in FY06 and FY07 they originally budgeted \$17,000 but when they went through the Management Strategy Process their personnel was reduced to \$13,763 for both years. Kathryn Braden asked what the district would do if the variance was not approved. Ms. Brandt answered she could not speak on behalf of the district as far as what they were planning to do, but as discussed at the August meeting, some options may be to use local funds, technical grant funds, or matching grant funds.

Failing to receive a motion, current policy remained.

2. Loan Interest-share

a. Pemiscot SWCD – Appeal to Approve a Landowner’s Participation in the LISP When the Equipment was Purchased and the Loan Obtained Prior to Program Office Approval of the Application

Marcy Oerly presented a request from Pemiscot SWCD asking the commission to approve a landowner’s participation in the Loan Interest-Share Program when the equipment was purchased and the loan obtained prior to approval by the program office.

Commission policy requires that an applicant must receive commission approval of their Loan Interest-Share application before any equipment is purchased or before the loan is finalized.

In a letter from the board, dated September 7, 2006, stated the landowner went to the office and asked about the Loan Interest-Share Program and the District manager explained it. At that time, the landowner was given an application to take to the bank and he returned a few weeks later with the bank portion signed and dated May 25, 2006. It was approved by the board on May 29, 2006, was received by the program office on June 16, 2006, and was approved on June 19, 2006.

According to the letter, the landowner believed he was approved to participate based on the May 29, 2006, approval of the board. The landowner finalized his loan on May 31, 2006 and purchased the no-till drill on June 7, 2006. The board felt the landowner acted in good faith and should not be penalized for the error.

Richard Fordyce made a motion to approve the request. Kathryn Braden seconded the motion. When asked by the vice chair, Kathryn Braden,

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 14

Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously.

E. REVIEW/EVALUATION

1. District Assistance Section

a. Supervisor Appointment

1. St. Louis County SWCD

Alex Tuttle presented a request from the St. Louis County Soil and Water Conservation District to appoint Dan Sulzner to fill the unexpired term of Velma Vasquez.

Kathryn Braden made a motion to approve the board's request. Baughn Merideth seconded the motion. When asked by the vice chair, Kathryn Braden, Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously

2. Land Assistance Section

a. Cost-Share

1. Monthly Cost-Share Usage Report

Noland Farmer reported that districts were initially allocated \$19,900,000 for regular cost-share. At the August 10, 2006 commission meeting, the commission decided to allocate an additional \$53,000 to the 77 districts that claimed 80 percent of their fiscal year (FY) 2006 allocation. Because of the addition, the districts will have approximately \$24,000,000 available for FY07. Mr. Farmer pointed out that the available amount was the same as FY06. It was projected that the districts would only claim \$20,000,000 of the allocation. This projection was based on trends of previous years.

Mr. Farmer stated that as of August 31, 2006, \$264,000 in claims had been processed, which is half of the projection. In FY06, the districts claimed \$270,000 for the same period. As of September 11, 2006, \$413,000 in claims were received in the program office. This time last year, the program office had received \$350,000 in claims.

2. Current Drought Conditions and the Need to Extend the Commission's Temporary Policies on Grass Practices

Ron Redden presented an update on the drought in the state and exceptions to the reseeding policies the commission provided to grassland farmers in 2000, 2001, and 2005.

Mr. Redden provided the commission with some websites for drought monitoring. Next, he covered the temporary policy changes the commission made last year. He stated that there were three eligibility requirements established. First, the county had to be approved by Farm Service Agency (FSA) for Emergency Conservation program. Second, Natural Resources Conservation Service (NRCS) has to certify the stand of grass had failed as a result of the drought. Finally, the field on which cost-share is being requested had to have been originally established with state cost-share and still be within the five-year maintenance period. If the field met these three requirements, the following temporary exceptions applied: The timeframe in which reseeding was eligible was extended from the current one year after the original certification date for cool season grass and two years for warm season grasses to any field still under the five year maintenance. Other exceptions were that the commission removed the policy that the landowner receive cost-share to reseed a field only once, landowners were allowed to plant an interim forage in the spring or summer at their own expense and then reseed the practice to specifications in the fall, the commission established a deadline late in the summer for the board to approve the reseeding application (August 31, 2007), cost-share was not approved for nutrients or lime, districts were required to use their own cost-share allocation, and the assistance was limited to the Permanent Vegetative Cover Establishment, Permanent Vegetative Cover Improvement, and Permanent Vegetative Cover Enhancement .

Mr. Redden stated that there was no extra money to make \$10,000 available at this time. He informed the commission that they offered 77 districts an additional \$53,100 and the boards have until September 30, 2006, to respond back. He stated most of the districts responding back so far had accepted the entire amount.

Kathryn Braden made a motion to extend the policy for a year. Richard Fordyce seconded the motion. When asked by the vice

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 16

chair, Kathryn Braden, Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously.

3. Update on the Commission's Eligible Land Survey

Ron Redden presented informational report on the commission's rule and policy regarding eligible land. Last spring it was indicated the commission wanted a survey sent to the districts seeking their input on the issue as to whether or not they felt that the present rule and policy are sufficient. Mr. Redden stated that 54 districts responded to the survey.

Mr. Redden stated that both the rule and policy are brief and provide little guidance about the land cost-share practices are applied on. Because of this, boards have room for flexibility in their decision-making in regards to which situations are approved.

The commission's rule in the definitions portion states, "Farm shall mean a tract of land three acres or more in size on to which agriculture activities are normally performed or a tract of land of any size from which \$1,000 or more of agriculture products are normally sold in a year."

Commission policy states, "In order to be eligible for cost-share, the land upon which the practice will be installed must be assessed as agricultural or land having an FSA farm number producing agricultural commodities." (FSA does not require land be assessed as agricultural to receive a farm number and can be of any size, even less than an acre, and does not have to be producing agricultural commodities but only capable of doing so.) Districts are then able to mix or match the rule with policy in determining eligibility.

A big problem for districts is an increased demand for structures on small acreage because of more landowners buying small acreage and then requesting funding assistance for water impoundment reservoirs. The question that boards face is that even if there is a gully on the land, is the land being used for agricultural productivity and should they limit cost-share?

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 17

Mr. Redden stated that because of the above issues, some districts have developed policies that are more stringent than the commission's. He pointed out that some districts did not know they could develop policies that are more stringent than those of the commission.

Mr. Redden indicated the surveys received had a good representation of comments from the districts. Almost half of the districts responded back and 39 indicated they did not want any change to the rule or policy because of the flexibility the current rule and policy provides. Of the responses received, 16 districts indicated they would like to see changes or indicated that they had already adopted policies that were more stringent than the current policies of the commission.

F. REQUESTS

1. Land Assistance Section

a. Cost-Share

1. Gasconade Soil and Water Conservation District (SWCD) – Change in Commission Policy Regarding County Average Costs

Ron Redden presented a request from Gasconade SWCD requesting that districts not be required to provide a letter to the program office requesting to take components off the State List when they did not calculate their own county average cost for a particular component.

Mr. Redden stated that one or two times a year districts can provide their own county average cost for components. The districts have to have three actual receipts for establishing their average cost in their county. This average has to be submitted to Natural Resources Conservation Service (NRCS) for approval, and the board, county Farm Service Agency (FSA), and the local NRCS sign the list. When NRCS receives the individual county average cost lists, they are all averaged and posted as a State List.

If a district does not have a county average cost for a component, they can request to use that component at the average cost listed on the State List.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 18

The Cost-Share Handbook states that when a district did not submit their own county average cost for a component, they should submit a letter with a board and NRCS signature requesting to take the component off the State List. Districts can then use the component at the county average cost, as listed on the State List or at a lesser amount if they choose; however, most districts choose to allow the maximum amount.

Mr. Redden stated the reason for the letter is to make sure that districts do not approve an application for the wrong county average cost.

Next, Mr. Redden provided examples of two letters recently received requesting to use certain components and rates. Both letters contained errors with one district making an error on each of the seven components they had proposed to use. In these examples, had the landowner been approved at the rates listed by the districts, an overpayment would have resulted and the landowner would have been requested to pay back state cost-share. In addition, it is the opinion of the Missouri Attorney General's Office that overpayments must be paid back.

Another reason for the letter is that components on the State List are not only used in the State Cost-Share Program but in Environmental Quality Incentive Program (EQIP), Wildlife Habitat Incentives Program (WHIP), Wetland Reserve Program (WRP), and Conservation Reserve Program (CRP). The letter, when received, provides the program office with an opportunity to discuss with the district the appropriateness of using that particular component on a state cost-share practice in instances where a possible concern is recognized.

Mr. Redden stated that most letters are faxed in and he tries to review them and contact the district the same day. He stated that did not feel there was a lot of delay in getting program office approval. He stated if the program staff did not have an opportunity to review the components and rates being requested, the commission risked having a number of districts asking the commission that they not be made to have landowners return overpayments when applications and claims with errors were approved.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 19

Diane Mayfield stated she agreed with Mr. Redden that districts submit a letter when requesting to have components taken from the State List when it is just one or two. However, in her district when they were creating their docket, and they were required to have three invoices to create a county average, it created a problem and they had to depend more on the State List, because they do not do that many of the same type of practice. Because of this, she had to write a four-page letter that the board felt was time consuming.

When asked if the county average cost was to be taken from projects in the previous three years. Dwaine Gelnar answered this was not correct. He informed the commission that the new policy requires a county, if they have not used a certain component in the past year at least three times, to revert to State Average Cost.

No motion was made so the commission maintained current policy and the districts have to continue to identify the components they wish to add and at what rate.

2. District Assistance Section

a. St. Louis County SWCD Budget Revision

Jim Boschert presented a request from St. Louis County SWCD to revise their budget for a second time for FY06.

In a letter dated August 31, 2006, the district requested to transfer \$1,615.44 from technical services grant to management services grant. Mr. Boschert informed the commission the reason for the revision was due to personnel changes in the office.

Commission policy states a district can revise their budget once during the fiscal year and any additional budget revisions have to go to the commission for approval.

Mr. Boschert stated that in the past the commission has approved second budget revision after the year had ended.

Baughn Merideth made a motion to approve the request. Kathryn Braden seconded the motion. When asked by the vice chair, Kathryn Braden,

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 20

Richard Fordyce, Baughn Merideth, and John Aylward voted in favor of the motion and the motion carried unanimously.

G. REPORTS

1. NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Dwayne Gelnar reported they were nearing the end of their fiscal year, which ends September 30, 2006.

Mr. Gelnar reported they have new NRCS Chief in Washington, named Arlen Lancaster. Mr. Lancaster has held positions in Washington DC.

Mr. Gelnar informed the commission that NRCS had a good year in FY06. They spent approximately \$20,000,000 in EQIP contracts. Another \$22,000,000 was made in CSP payments, and approximately \$1,000,000 for WHIP projects. He indicated they were in the process of purchasing more equipment, vehicles, and imagery.

He indicated there will be an announcement for sign up for 2007 EQIP and WHIP to start on October 2, 2006. The signup will run until November 17, 2006.

2. MISSOURI ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

Steve Oetting informed the commission that the Training Conference is scheduled for November 27 – 29, 2006.

Mr. Oetting stated that the association requested the commission consider a review of various areas within the budget, and they would like to be part of it.

3. UNIVERSITY OF MISSOURI

Dave Baker stated that concerning budget issues, everyone is dealing with them. He indicated that on the extension side was also dealing with revenue generation.

Mr. Baker announced that effective December 1, 2006, Mr. Michael Ouart will be the new Director of Extension. Mr. Ouart was the Associated Director of Extension at Iowa State University. He has a background in poultry science.

Mr. Baker thanked staff at both the state and district level for their support and involvement with Field Days.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 21

Mr. Baker reported that on July 1, 2006, the university added a new division, called the Institute for Continental Climate Viticulture and Analogy.

Mr. Baker reported that at the Training Conference, there will be an Extension Session, and he invited the commissioners and other staff to attend.

4. DEPARTMENT OF CONSERVATION

Brad McCord reported that the Forage and Grassland Council hosted an outstanding tour on September 8, 2006, in Farmington and Ste. Genevieve area. That tour was the National Grazing Land Conservation Initiative, which will hold their National Conference in St. Louis in December. There were individuals from 23 states on the tour.

Next Mr. McCord provided the commission with a copy of some streambank stabilization efforts. Missouri Department of Conservation is working on new techniques for streambank stabilization.

Mr. McCord reported that he had received several calls from districts interested in the Forestry Pilot.

Lastly, Mr. McCord reported there would be a Conservation Reserve Enhancement Program training session by the Missouri Department of Conservation on September 26 and 27 in Columbia.

5. DEPARTMENT OF AGRICULTURE

Dan Engemann reported that Missouri was awarded approximately \$2,700,000 for the livestock assistance grant program. He indicated that USDA had decided to allow the state departments to handle the program. There were 20 states awarded funding for this program. Mr. Engemann stated that Missouri had 30 counties eligible for the funding, and MDA was working on the criteria for signup.

When asked what you have to do to be eligible, Mr. Engemann answered the program was based on forage production loss, and in the past there has been reimbursement per head, but the department was still working on the criteria.

6. STAFF

Sarah Fast reported the program had some retirements, Gary Baclesse in the summer and Dean Martin at the end of September. Because of this, there are two

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

September 13, 2006

Page 22

acting Section Chiefs Wyn Kelley for the Soil Science section and Ken Struempf for Watershed Conservation section. She reported the Cost-Share section was moved under District Assistance.

H. DATE OF NEXT MEETINGS

The date of the next commission meeting was set for Friday, November 3, 2006, beginning at 8:00 at DNR Conference Center in the Bennett Springs/Roaring River conference room in Jefferson City, Missouri. There will be another meeting on Monday, November 27, 2006 at the Training Conference.

I. ADJOURNMENT

Richard Fordyce moved the meeting be adjourned. Kathryn Braden seconded the motion. Motion approved by consensus at 11:40 AM.

Respectfully submitted,

Sarah E. Fast, Director
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman
Missouri Soil & Water Districts Commission

/tm